

August 4, 2017

FILED VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-A325
Washington, DC 20554

**Re: PR Wireless, Inc.
Lifeline Biennial Audit
Independent Accountant's Report on Applying Agreed-Upon Procedure
WC Docket No. 11-42**

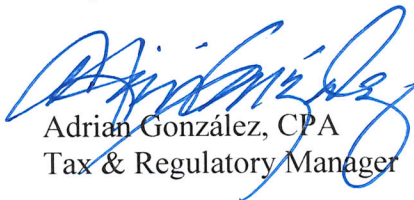
Dear Ms. Dortch:

On August 4, 2017, pursuant to paragraphs 9 and 15(c) of the FCC's General Standard Procedures for the Lifeline Biennial Audit, PR Wireless, Inc. submitted via email the final Independent Accountant's Report on Applying Agreed-Upon Procedures for the year ended December 31, 2015 to: (1) Charles Tyler of the Telecommunications Access Policy Division, (2) Thomas Buckley of the Office of the Managing Director, (3) Karen Majcher of the Universal Service Administrative Company; and (4) Anita Patankar-Stoll of the FCC.

PR Wireless, Inc. has been advised to also file the report in WC Docket 11-42. Accordingly, please see the attached report.

Please do not hesitate to contact me if you have any questions at 787.554.6736 ext. 1012.

Respectfully submitted,


Adrian González, CPA
Tax & Regulatory Manager

Enclosures



Kevane

Grant Thornton

Independent Accountants' Report
On Applying Agreed-Upon Procedures

PRWireless, Inc.

For the year ended December 31, 2015

**Independent Accountants' Report
On Applying Agreed-Upon Procedures**

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To the Managements of PRWireless, Inc., the Universal Service Administrative Company (USAC), and the Federal Communications Commission (FCC or Commission):

We have performed the procedures enumerated in Attachment A, which were agreed to by the FCC's Wireline Competition Bureau (Bureau) and Office of Managing Director (OMD) in the Lifeline Biennial Audit Plan or as otherwise directed by the Bureau,¹ solely to assist you in evaluating **PRWireless, Inc.'s** compliance with certain regulations and orders governing the Low Income Support Mechanism (also known as the Lifeline Program) of the Universal Service Fund, set forth in 47 C.F.R. Part 54, as well as other program requirements, including any state-mandated Lifeline requirements (collectively, the Rules) detailed in the Lifeline Biennial Audit Plan for the calendar year ended December 31, 2015. PRWireless, Inc.'s management is responsible for compliance with the Rules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Generally Accepted Government Auditing Standards (GAGAS) issued by the Government Accountability Office (2011 Revision).² The sufficiency of these procedures is solely the responsibility of the Bureau and OMD. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A either for the purpose for which this report has been requested or for any other purpose.

Specific procedures and related results are enumerated in Attachment A to this report. In compliance with the Lifeline Biennial Audit Plan, this report does not contain any personally identifiable information or individually identifiable customer proprietary network information.³

We were not engaged to, and did not conduct an examination of the subject matter, the objective of which would be the expression of an opinion on PRWireless, Inc.'s compliance with the Rules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

¹ See *Wireline Competition Bureau Announces Release of Final Lifeline Biennial Audit Plan*, WC Docket No. 11-42, Public Notice, DA 14-450 (rel. Apr. 2, 2014).

² See U.S. Government Accountability Office, *Government Auditing Standards*, GAO 12-331G (rev. Dec. 2011).

³ See 18 U.S.C. § 1028(d)(7) (definition of means of identification) and 47 U.S.C. § 222(h)(1) (definition of customer proprietary network information).

This report is intended solely for the information and use of the managements of PRWireless, Inc., USAC, and the FCC, and is not intended to be and should not be used by anyone other than these specified parties. This report becomes a matter of the public record upon filing of the final report with the FCC. The final report is not confidential.

Kevane Grant Thornton LLP
July 27, 2017.

Kevane Grant Thornton LLP



Attachment A enumerates the agreed-upon procedures for PRWireless, Inc., the associated results, and any management responses obtained in relation to the exceptions identified.

Objective I: Carrier Obligation to Offer Lifeline

Procedure 1

We inquired management on May 12, 2017 and obtained the carrier's policies and procedures in response to Item 4 of Appendix A (Requested Documents) of the Lifeline Biennial Audit Plan for offering Lifeline service to qualifying low-income consumers.

We examined the carrier's policies and procedures, and compared those policies and procedures, as well as management's responses to the inquiries, to the Commission's Lifeline rules set forth in Appendix F of the Lifeline Biennial Audit Plan.

We noted no discrepancies between the carrier's policies and procedures, management's responses to the inquiries, and the Commission's Lifeline rules.

No exceptions noted.

Procedure 2

We inspected 10 examples of carrier marketing materials describing the Lifeline service (i.e., print, audio, video and web materials used to describe or enroll in the Lifeline service offering, including standard scripts used when enrolling new subscribers, application and certification forms), as provided in response to Items 4, 6 and 7 of Appendix A of the Lifeline Biennial Audit Plan.

No exceptions noted.

Procedure 3

We reviewed the carrier's responses to the background questionnaire regarding the carrier's policies for (1) how subscribers notify the carrier of the subscriber's intent to cancel service or give notification that s/he is no longer eligible to receive Lifeline service and (2) when de-enrollment for such notifications occurs. We verified if these policies are designed to (1) allow subscribers to make the notifications required by 47 C.F.R. §§ 54.410(d)(3)(ii) and (iv) and (2) prevent the carrier from claiming ineligible subscribers on the FCC Form 497 or subscribers who wish to cancel service.

In addition, we called the customer care numbers provided in response to Item 8 of Appendix A, as well as any customer care numbers identified in the marketing materials provided in response to Item 6 of Appendix A, or on the websites provided in response to Item 7 of Appendix A. Each telephone number is operational and it involves the use of an interactive voice response (IVR) system. It is possible for an individual to reach a live customer care operator.

No exceptions noted.

Procedure 4

We inspected applicable policies and procedures regarding de-enrollment from the program, including when the ETC will de-enroll subscribers based on lack of eligibility, duplicative support, non-usage, and failure to recertify, as further described below:

- a) We inspected the ETC's policy and procedures for de-enrollment where the ETC has information indicating that a Lifeline subscriber no longer meets the criteria to be considered a qualifying low-income consumer under 47 C.F.R. § 54.409, as provided in response to Item 4 of Appendix A, as well as de-enrollment letters provided in response to Item 11 of Appendix A. We noted whether the policies and procedures detail the process for communications between the subscriber and ETC regarding de-enrollment, including, but not limited to: (1) notifying subscribers of impending termination of service; (2) allowing subscriber to demonstrate continued eligibility; and (3) termination of service within 30 days for failure to demonstrate eligibility.
- b) We inspected the carrier's policy and procedures for de-enrolling subscribers that are receiving Lifeline service from another ETC or where more than one member of a subscriber's household is receiving Lifeline service (duplicative support). We noted whether if the policies and procedures state that the ETC will de-enroll subscribers within five business days of receiving notification from USAC program management that a subscriber or a subscriber's household is receiving duplicative Lifeline support, as required by section 54.405(e)(2) of the Commission's rules.
- c) We inspected the carrier's policies and procedures for de-enrolling subscribers for non-usage (i.e., where a Lifeline subscriber fails to use Lifeline service for 60 consecutive days), including the process of how the carrier monitors and identifies subscribers who are non-users of Lifeline service but enrolled in the program, as well as non-usage termination notifications provided in response to Item 18 of Appendix A. Also examined the policies and procedures, and non-usage termination notifications to verify if the termination notifications explain that the subscriber has 30 days following the date of the impending termination notification to use the Lifeline service.
- d) We reviewed the carrier's policy and procedures for de-enrolling a Lifeline subscriber that does not respond to the carrier's attempts to obtain recertification, as part of the annual eligibility recertification process, as well recertification requests provided in response to Item 19 of Appendix A. Also examined the policies and procedures, and recertification requests to verify if the communications explain that the subscriber has 30 days following the date of the notice to demonstrate continued eligibility or the carrier will terminate the subscriber's Lifeline service. In addition, examined the recertification requests and the carrier's responses to the background questionnaire and verified that the recertification requests were sent by a method separate from the subscriber's bill.

No exceptions noted.

Objective II: Consumer Qualification for Lifeline. To determine if the ETC has procedures in place to limit Lifeline service to qualifying low-income consumers and ensure that Lifeline service is limited to a single subscription per household.

Procedure 1

We inquired management and obtained carrier's policies and procedures for limiting Lifeline support to a single subscription per household as provided by the carrier in response to Item 4, Appendix A of the Lifeline Biennial Audit Plan. We examined and compared the policies and procedures, including management responses, with the Commission's Lifeline rules set forth in 54.409(c) (Appendix F of the Lifeline Biennial Audit Plan).

No exceptions noted.

Procedure 2

We reviewed procedures the carrier has in place to ensure it has accurately completed the FCC Form 497.

No exceptions noted.

Procedure 3

We obtained the Subscriber List in response to Item 1 of Appendix A of the Lifeline Biennial Audit Plan and obtained the carrier's FCC Form 497 for the selected month (August 2015). We examined the number of subscribers claimed on the Form 497. We compared the number of subscribers reported on the Form 497 to the number of subscribers contained on the Subscriber List.

No exceptions noted.

Procedure 4

Using computer-assisted audit techniques, we examined the Subscriber List to identify if there were any duplicate addresses among subscribers. Two duplicate addresses were identified, resulting due to the Puerto Rico nonstandard addressing system. We created a list reflecting these results.

No exceptions noted.

Procedure 5

From the list completed in Procedure #4 above, we selected both duplicate addresses identified and requested copies from the ETC of the one-per-household certification form for each of the selected subscribers. We verified that the selected subscribers certified to only receiving one Lifeline-supported service in his/her household using the one-per household worksheet.

No exceptions noted.

OBJECTIVE III: Subscriber Eligibility Determination and Certification. To determine if the ETC implemented policies and procedures for ensuring that their Lifeline subscribers are eligible to receive Lifeline services.

Procedure 1

We inquired management and obtained carrier policies and procedures for ensuring that its Lifeline subscribers are eligible to receive Lifeline services as provided by the carrier in response to Item 4, Appendix A of the Lifeline Biennial Audit Plan. We examined the policies and procedures and compared management responses and carrier's policies and procedures with the Commission's Lifeline rules set forth in section 54.410 (Appendix F of the Lifeline Biennial Audit Plan).

- a) We inspected the ETC's policies and looked for evidence as to whether it includes a policy that the ETC does not retain copies of subscribers' proof of income- or program-based eligibility.
- b) We inspected the ETC's policies and looked for evidence as to whether it includes a policy or procedure that the ETC must fully verify the eligibility of each low-income consumer prior to providing Lifeline service to that consumer, and that the ETC or its agents may not provide the consumer with an activated device intended to enable access to Lifeline service until that consumer's eligibility is fully verified and all other necessary enrollment steps have been completed.

No exceptions noted.

Procedure 2

We examined the ETC's policies and procedures for training employees and agents for ensuring that the ETC's Lifeline subscribers are eligible to receive Lifeline services, including any policies regarding how the company ensures employees and agents have completed the training.

No exceptions noted.

The Company does not participate of the National Lifeline Accountability Database ("NLAD"). Instead, the Company submits applicant information to a dedicated database established by the Telecommunications Regulatory Board ("TRB") which checks for duplicate subscribers or addresses and assigns a unique control code to each subscriber who passes the duplicate check.

Procedure 3

We randomly selected 100 subscribers from the Subscriber List and for the first 50 of the sampled subscribers, we performed the test described below, for each of the subscriber's certification and recertification forms. The test was performed for the first 50 sampled subscribers (no error rate higher than 5 percent was not found; therefore, procedures were not necessary to be applied to remaining population of 50 subscribers).

- a) We examined the subscriber certification forms, if any, to verify the forms contain the following information:
 - i. Lifeline is a federal benefit and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program;
 - ii. Only one Lifeline service is available per household;
 - iii. A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses;
 - iv. A household is not permitted to receive Lifeline benefits from multiple providers;
 - v. Violation of the one-per-household limitation constitutes a violation of the Commission's rules and will result in the subscriber's de-enrollment from the program;
 - vi. Lifeline is a non-transferable benefit and the subscriber may not transfer his or her benefit to any other person;
 - vii. Require each prospective subscriber to provide the following information:
 1. The subscriber's full name;
 2. The subscriber's full residential address;
 3. Whether the subscriber's residential address is permanent or temporary;
 4. The subscribers billing address, if different from the subscriber's residential address;
 5. The subscribers date of birth;
 6. The last four digits of the subscriber's social security number, or the subscriber's Tribal identification number, if the subscriber is a member of a Tribal nation and does not have a social security number;
 7. If the subscriber is seeking to qualify for Lifeline under the program-based criteria, as set forth in § 54.409, the name of the qualifying assistance program from which the subscriber, his or her dependents, or his or her household receives benefits; and
 8. If the subscriber is seeking to qualify for Lifeline under the income-based criterion, as set forth in § 54.409, the number of individuals in his or her household.

- viii. Require each prospective subscriber to certify, under penalty of perjury, that:
 - 1. The subscriber meets the income-based or program-based eligibility criteria for receiving Lifeline, provided in § 54.409.
 - 2. The subscriber will notify the ETC within 30 days if for any reason he or she no longer satisfies the criteria for receiving Lifeline including, as relevant, if the subscriber no longer meets the income-based or program-based criteria for receiving Lifeline service, the subscriber is receiving more than one Lifeline benefit, or another member of the subscriber's household is receiving a Lifeline benefit.
 - 3. If the subscriber moves to a new address, he or she will provide that new address to the ETC within 30 days.
 - 4. The subscriber's household will receive only one Lifeline service and, to the best of his or her knowledge, the subscriber's household is not already receiving a Lifeline service.
 - 5. The information contained in the subscriber's certification form is true and correct to the best of his or her knowledge.
 - 6. The subscriber acknowledges that providing false or fraudulent information to receive Lifeline benefits is punishable by law; and
 - 7. The subscriber acknowledges that the subscriber may be required to re-certify his or her continued eligibility for Lifeline at any time, and the subscriber's failure to re-certify as to his or her continued eligibility will result in de-enrollment and the termination of the subscriber's Lifeline benefits pursuant to § 54.405(e)(4).
- b) We compared the ETC's subscriber eligibility criteria on the certification forms to the federal eligibility criteria listed in per 47 C.F.R. § 54.409.
- c) We verified the subscriber completed all the required elements as identified in Objective III — 3 a. above, including signature and initialing/checkbox requirements contained in the certification form.
- d) We examined the subscriber's initial certification form to verify the initial certification form is dated prior to or on the same day as the Lifeline start date per the National Subscriber List.
- e) We reviewed the list of the data source or documentation the ETC reviewed to confirm the subscriber's eligibility. We verified the recorded data sources are eligible data sources per 47 C.F.R. § 54.410, such as (1) income or program eligibility databases, (2) income or program eligibility documentation, or (3) confirmation from a state administrator.

No exceptions noted.

OBJECTIVE IV: Annual Certifications and Recordkeeping by Eligible Telecommunications Carriers. To determine if ETCs have made and submitted to the Universal Service Administrative Company the required annual certifications, under penalty of perjury, relating to the Lifeline program by an officer of the company and maintained recordkeeping requirements.

Procedure 1

We inquired of management and obtained carrier policies and procedures for ensuring that the carrier has made and submitted the annual certifications required under sections 54.416 and 54.422 of the Commission's rules, as provided in Item 12, Appendix A of the Lifeline Biennial Audit Plan. We examined the policies and procedures and compared management responses and carrier policies and procedures with the Commission's Lifeline rules set forth in sections 54.416 and 54.522 (Appendix F).

No exceptions noted.

Procedure 2

We examined the ETC's Form 555 that was filed the January following the audit period. We verified the carrier made all of the following certifications. An officer of the ETC must certify that s/he understands the Commission's Lifeline rules and requirements and that the carrier:

- a. Has policies and procedures in place to ensure that its Lifeline subscribers are eligible to receive Lifeline services;
- b. Is in compliance with all federal Lifeline certification procedures; and
- c. In instances where an ETC confirms consumer eligibility by relying on income or eligibility databases, as defined in 47 C.F.R. § 54.410(b)(1)(i)(A) or (c)(1)(i)(A), the representative must attest annually as to what specific data sources the ETC used to confirm eligibility.

No exceptions noted.

Procedure 3

We examined the ETC's organizational chart provided in response to Item 5, Appendix A of the Lifeline Biennial Audit Plan. We verified that the certifying officer on the Form 555 was an officer per the organizational chart or other publicly available documents.

No exceptions noted.

Procedure 4

Verified that the subscriber count per the Form 555 agrees with the total subscriber count per the February Form 497 provided by the carrier in response to Item 15 of Appendix A.

No exceptions noted.

Procedure 5

Verified that the recertification data reported on the FCC Form 555 agrees with the detailed recertification results provided by the carrier in response to Item 9 of Appendix A.

No exceptions noted.

Procedure 6

Verified that the non-usage data reported on the FCC Form 555 for the selected month agrees with the detailed non-usage results provided by the carrier in response to Item 10 of Appendix A.

No exceptions noted.

Procedure 7

We reviewed the carrier's annual ETC certification, as provided in Item 13, Appendix A of the Lifeline Biennial Audit Plan. We verified that the ETC reported all the information and made all the certifications required by 47 C.F.R. § 54.422(a)(b).

No exceptions noted.

Procedure 8

We reviewed any supporting schedules related to the carrier's annual ETC certification, as provided in Item 13, Appendix A of the Lifeline Biennial Audit Plan. We verified that the data reported on the annual ETC certification agrees with the supporting schedules.

No exceptions noted.

Procedure 9

We inquired of management and obtained carrier policies and procedures for maintaining records that document compliance with the Lifeline program rules, as provided by the carrier in response to Item 4, Appendix A of the Lifeline Biennial Audit Plan. We examined the policies and procedures and compared the management responses and carrier policies with recordkeeping rules set forth in 47 C.F.R. § 54.417.

No exceptions noted.